

AVOCADO SITUATION AND OUTLOOK FOR SELECTED COUNTRIES

GLOBAL PRODUCTION AND TRADE

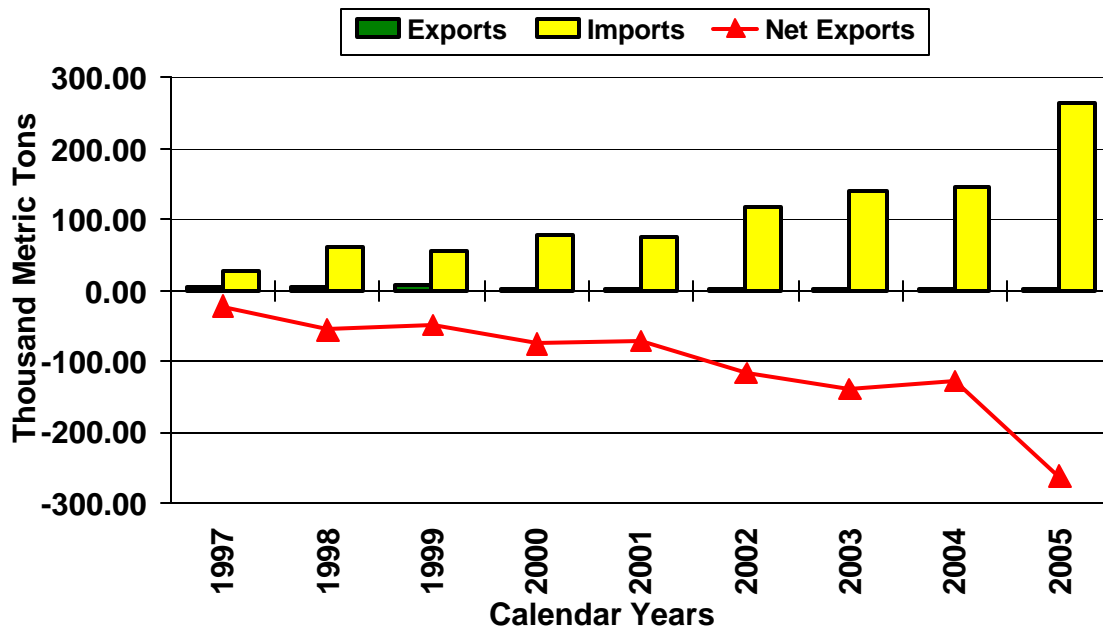
Mexico, Chile, and the United States rank as the top three world producers of note. Mexico is easily the largest producer, supplying over one third of the world's total production and over 40 percent of the world's exports. The United States production for MY (Nov-Oct) 2005-2006 is estimated at 247,000 tons up 34 percent from the previous year. Chile with less than one fifth of Mexico's production exports almost 70 percent of its production mostly to the United States. Indonesia is a major producer, however, there is no FAS reporting for that market because it imports and exports very small quantities, and consumes virtually all of its production internally. The United States major suppliers of avocados are Chile, Mexico, and the Dominican Republic.

Traditionally, Chile has been the largest supplier of avocados to the U.S. import market, typically, supplying over 60 percent of its production. This dominance may have ended in the MY ending in November 2005, as Mexico gained year round access to 47 U.S. states for Haas avocados in January 2005.

The United States is easily Chile's most important market, receiving 89 percent of Chile's avocado exports in CY 2004. For MY 2005/06 however, this is likely to be much less, as domestic U.S. production may rise and Mexican avocados continue to make inroads into the U.S. market. Mexican avocado production for MY 2005/06 is forecast at 1.0 million tons, up 6 percent from the previous year. Avocado exports are forecast at 250,000 tons, of which 130,000 are forecast to be exported to the United States.

The hass variety of avocado is the dominant and most popular type grown and imported into the United States. Mexico may only export the hass variety into this market. All hass avocados sold in the United States, whether grown domestically or imported are assessed a charge of 2.5 cents a pound under the Hass Avocado Promotion and Research Order. The purpose of this fee is to fund a marketing and promotion effort to increase the consumption of hass avocados in the U.S. The order became effective in September 2002, assessments began on January 2, 2003, and may be partially responsible for the rapidly growing demand for avocados. Another reason for the increase in demand may be the growing Hispanic population. The overall growth in demand has exceeded the growth in domestic output, with imports increasing as a result.

U.S. Trade in Avocados



Source: Bureau of the Census, DOC

United States

Total U.S. production of avocados during the 2004/05 season was 162,721 MT down 23 percent from the previous year due to the cyclical nature of avocado production and heavy rains experienced during the winter of 2004. At this time, larger production is expected for MY 2005/06. The preliminary NASS estimates for MY 2005/06 show production reaching approximately 247,000 tons. If these estimates are correct, this will be the largest crop reported for avocado production in the United States since 1992/93. With the anticipated larger crop and increasing imports, growers prices in California will likely average lower than in 2004/05, which should increase exports moderately.

In MY 2004/05, The United States exported 1,431 MT to Canada, Japan and Korea while it imported 252,045 tons of avocados from the world. The export value of U.S. avocados in 2005 was \$3 million.

For the first time, last year's imports exceeded domestic production. Imports in MY 2005/06 are expected to decline because of larger domestic production while actual demand continues to grow. Most of the growth in imports in MY 2004/05 came from Mexico as they gained expanded access to the U.S. avocado market in January, 2005.

Mexico

In MY 2005/06 Mexican avocado exports are expected to increase significantly and reach a record high

Mexico is the world's top producer and the U.S.'s leading source of imported avocados in CY 2005 when its shipments to the U.S. market rose 115 percent. This represented a 51 percent share of total avocado imports, surpassing Chile for the first time.

For MY 2005/06 Mexican avocado production is forecast at a record 1.0 MT, up 7 percent from the prior year. Mexican avocado exports to the United States for MY 2005/06 are forecast at 130,000 MT, a 20-percent increase over the previous year figure. Mexico's total avocado exports to the world are forecast at 250,000 tons. Exports to the United States for Mexico's MY (Aug-July) 2004/05 were 103,000 tons while exports in MY 2003/04 were only 73,000 tons.

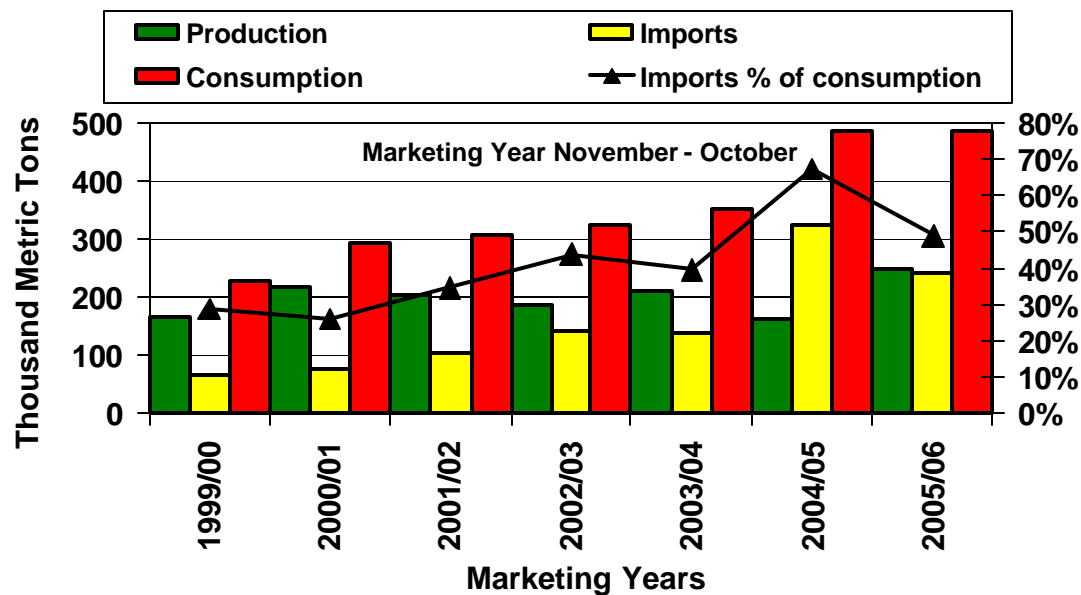
USDA regulations governing the importation of Mexican avocados became effective on January 31, 2005 allowing Hass avocado distribution all year-round to 47 states excluding California, Florida, and Hawaii. Previously, Mexican avocados could only be distributed in 31 states due to phytosanitary concerns.

The state of Michoacan remains the main producing state in Mexico, accounting for more than 88 percent of total avocado production. The cessation of the producers' price controlling practice of harvesting only 2 MT per hectare has contributed to the increased production. Annual per capita consumption in Mexico is about 9 kg.

Chile

Production of avocados for MY 2004/05 reached 177,000 tons. FAS Santiago forecast production for MY 2005/06 at 190,000 tons up 7 percent from the previous year. Chilean avocado exports are forecast to reach 132,000 MT down 3 percent from the previous year. U.S. demand for Chilean avocados is expected to fall due to improved Mexican access. In addition, Mexican avocados enter the U.S. duty free. Chile obtained a duty free quota of 49,000 MT as a result of the US-Chile FTA starting in CY 2004. The duty free quota will increase 5 percent yearly over the next 12 years until it is eliminated. The United States is Chile's main market for avocados, exporting 116,305 tons of avocados, worth \$80 million which represented 85 percent of Chile's avocado exports.

U.S. Avocado Production, Consumption, and Imports



Source: Economic Research Service, USDA; National Agricultural Statistics Service, USDA; Bureau of the Census, DOC

(The FAS attaché report search engine contains reports on the selected vegetable industries for selected countries and can be found at <http://www.fas.usda.gov/scripts/attacherep/default.asp>. For information on production and trade, contact Marcela E. Rondón at 202-720-0815. For information on marketing, call 202-720-7931. Also see the vegetable webpages at www.fas.usda.gov/http/commodity_pages/vegetables/veg_fresh.html and www.fas.usda.gov/http/commodity_pages/vegetables/veg_proc.html)